

Exhibit C

MSHDA Summary of Certain New Policies-HUD Handbook 4350.3 REV-1, Chg. 2

1. General Occupancy Standards

- **New Handbook:** The owner may count children who are away at school and who live at home during recesses. Owners should not count children who are away at school who have established residency at another address as evidenced by a lease agreement. (Chapter 3, Paragraph 3-23.E.6.c)
- **Old Handbook:** The owner may count children who are away at school and who live at home during recesses. (Chapter 3, Paragraph 3-22.E.6.c)
- **Applicability:** The guidelines concerning counting children who are away at school are applicable to all projects, including Section 8 projects, Section 236 projects, LIHTC projects, MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30, TEAM, and HOME TEAM Advantage), HOME projects, NPP projects, and Pass-Through projects.

Clarification	Full Implementation Date
This change requires that Owners no longer count children who are away at school, if they have established residency at another location as <u>evidenced by a lease.</u>	January 1, 2008

2. Periodic Payments from Long-Term Care Insurance, Pensions, Annuities, and Disability or Death Benefits

- **New Handbook:** Federal government pension funds paid directly to an applicant's/tenant's former spouse pursuant to the terms of a court decree of divorce, annulment, or legal separation are not counted as annual income. (Chapter 5, 5-6-K-4)
- **Old Handbook:** Not included.
- **Applicability:** The guidelines concerning periodic payments from long-term care insurance, pensions, annuities and disability or death benefits are applicable to all projects, including Section 8 projects, Section 236 projects, LIHTC projects, MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30, TEAM, and HOME TEAM Advantage), HOME projects, NPP projects, and Pass-Through projects.

Clarification	Full Implementation Date
This revision represents a change in the calculation of income if federal government pension funds are paid directly to an applicant or resident's former spouse as a result of divorce or separation.	January 1, 2008

3. Withdrawal of Cash or Assets from an Investment

- New Handbook:** Lump Sum receipts from pension and retirement funds are counted as assets. If benefits are received through periodic payments, do not count any remaining amounts in the account as an asset. **There is no need to determine if payments are reimbursement for amounts invested.** (Chapter 5, Page 5-16)
- Old Handbook:** When a family is making regular withdrawals from an account in which it has made an investment, withdrawals will count as income only after the amount invested has been totally paid out. (Chapter 5, 5-6-N)
- Applicability:** The guidelines concerning withdrawal of funds from an investment and the classification of certain investments as either an asset or income are applicable to all projects, including Section 8 projects, Section 236 projects, LIHTC projects, MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30, TEAM, and HOME TEAM Advantage), HOME projects, NPP projects, and Pass-Through projects.

Clarification	Full Implementation Date
This revision represents a significant change in the calculation of assets. All income must now be counted regardless of the original investment amount. (Chapter 5, Page 5-6-O)	January 1, 2008

4. Effective Term of Verifications

- **New Handbook:** Verifications are valid for 120 days from the date of receipt by the owner. (Chapter 5, Page 5-57)
- **Old Handbook:** Verifications are valid for 90 days from the date of receipt by the owner. (Chapter 5, Page 5-17B)

For the next 30 days (days 91–120), the owner may update the verifications orally with the verification source. As with any oral verification, the owner must include written documentation in the file.

- **Applicability:** The guidelines concerning the effective term of verifications are applicable to all projects, including Section 8 projects, Section 236 projects, LIHTC projects, MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30, TEAM, and HOME TEAM Advantage), HOME projects, NPP projects, and Pass-Through projects.

Clarification	Full Implementation Date
<p>The prior requirement of extending verifications up to 30 days by telephone and then documenting the verbal verification in the resident file is no longer required. The 120 days starts the day the verification is received. The date must be documented with date stamp or in writing with initials and date.</p> <p>MSHDA will consider verifications that are received by the Owner/Agent after June 29, 2007 to be valid for up to 120 days.</p>	<p>June 29, 2007</p>

5. Educational Scholarships or Grants

- **New Handbook:** Any financial assistance a student receives (1) under the Higher Education Act of 1965, (2) from private source, or (3) from an institution of higher education that is in excess of amounts received for tuition is included in annual income, except if the student is over the age of 23 with dependent children or if the student is living with his or her parents who are receiving Section 8 assistance. (Chapter 3, 3-13-A-4)

The exception is for students over age 23 with dependent children or students living with parents who receive Section 8 assistance. (Chapter 5, 5-6-D.; Exhibit 5-1; Page 5-82)

- **Old Handbook:** All forms of student financial assistance (grants, scholarships, educational entitlements, work study programs, and financial aid packages) are excluded from annual income. This is true whether the assistance is paid to the student or directly to the educational institution. (Chapter 5, 5-6-D)
- **Applicability:** The guidelines concerning calculation of annual income as it pertains to student financial assistance are applicable to all projects, including Section 8 projects, Section 236 projects, LIHTC projects, MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30, TEAM, and HOME TEAM Advantage), HOME projects, NPP projects, and Pass-Through projects.

Clarification	Full Implementation Date
<p>The revision represents a significant change in the calculation of income that became effective January 30, 2006. The financial assistance a student receives that exceeds tuition must be counted as annual income.</p> <p>Exceptions are for students older than 23 with dependent children or students living with parents receiving Section 8 assistance.</p>	<p>Effective January 30, 2006 (HUD Final Rule - December 30, 2005)</p> <p>June 29, 2007 (4350.3 REV-1, Change 2)</p>